

VZCZCXRO4026
RR RUEHAST
DE RUEHPG #0636/01 1601614
ZNR UUUUU ZZH
R 091614Z JUN 06
FM AMEMBASSY PRAGUE
TO RUEHC/SECSTATE WASHDC 7470
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 02 PRAGUE 000636

SIPDIS

SIPDIS

STATE FOR EUR/NCE ERIC FICHTE

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [EZ](#)

SUBJECT: TALKS ON ODS MINORITY COALITION CONTINUE: CHANCES
ONLY S0-S0.

REF: A. PRAGUE 610

[1](#)B. PRAGUE 607

PRAGUE 00000636 001.2 OF 002

[1](#)1. SUMMARY. The Civic Democrat party (ODS), which won the largest number of votes in the June 2 - 3 elections, is pushing forward with its plan to form an ODS-led minority government with the Christian Democrats and the Green Party, although the Greens do not yet seem fully on board. Meanwhile, the main opposition Social Democrats are threatening to block ODS' attempt to form a three-party coalition government by preventing it from passing the vote of confidence it needs in Parliament. Even if ODS succeeds, the result will likely be a weak government. If ODS fails, President Klaus could ask Prague Mayor Pavel Bem (ODS) to make a second attempt at forming a government. If that fails, the Social Democrats could get their chance. END SUMMARY

[1](#)2. As expected, the first week after the June 2-3 general elections, where none of the parties got enough votes to form a majority government and the center-right and center-left prospective coalitions each hold the same number of Parliamentary seats, did not produce any resolution to the uncertainty surrounding the formation of the next government.

The center-right coalition of Civic Democrats (ODS), Christian Democrats (KDU-CSL) and the Greens (SZ) each formed three-person teams to negotiate a possible minority government. ODS is represented by Chairman Mirek Topolanek and Deputy Chairs Petr Necas and Vlastimil Tlustý. The Christian Democrats are represented by Chairperson Miroslav Kalousek and Deputy Chairs Jan Kasal and Milan Simonovsky. The Green team includes Chairperson Martin Bursik and Deputy Chairs Dana Kuchtová and Petr Štěpánský.

[1](#)3. The parties have had three-way talks, as well as individual sessions between potential partners. Leaders of the three parties have acknowledged a desire to form a government, but many policy differences still have to be resolved. Even without knowing the policies of a potential ODS-led government, some members of the Green Party are wavering; As of June 9, only two of the 14 regional committees of the Green Party are supporting the coalition plan. The Green Party's executive team will meet again June 10 to discuss the party's position. The three parties are expected to continue meetings through the weekend and into the week of June 12, by which time they hope to have reached agreement on the main policies and personnel for the next government. If successful, they will present the names to President Klaus, who is expected to approve, then face a Parliamentary vote of confidence within 30 days.

[1](#)4. ODS Party Chair Mirek Topolanek has also met with his main rival Prime Minister and CSSD Party Chair Jiří Paroubek.

Both Topolanek and Paroubek are publicly stating that CSSD will not support an ODS-led minority government in a Parliamentary vote of confidence. Given that the center-right coalition and the center-left coalition each have 100 seats in a 200-seat Chamber of Deputies (Lower House of Parliament), if Paroubek can hold his party together and bring the Communists on board as expected, it is possible that the ODS-led minority government would not get the simple majority (of those present to vote) needed to pass a vote of confidence. Meanwhile, both sides are maneuvering behind-the-scenes. Paroubek is working on certain members of the Greens while Topolanek and ODS are trying to persuade a small number of CSSD moderates not to oppose him.

15. Chances for Topolanek are not great, but he can succeed. If he does, he has the benefit of an ODS-led Senate (Upper House of Parliament) and an ODS President. The 81-member Senate is dominated by ODS with 38 members. ODS coalition partners KDU-CSL has 6 Senators and the Greens have one. By contrast, the Social Democrats have only 7 and the Communists 12. So while the Chamber of Deputies is evenly split 100-100, the partisan balance in the Senate is 45-9, with the remaining 27 Senators affiliated with independent clubs. The Czech Constitution allows the Senate to veto or add amendments to bills from the lower house. The President also has the authority to veto bills. The lower house needs 101 votes to overturn either veto. Therefore, an ODS-led minority government with 100 seats is likely to be much more effective than a CSSD-led government with 100 seats; ODS can count on ODS Senators to shape legislation through amendments that they could not push through in the Chamber of Deputies, which the CSSD and Communists in the Chamber of Deputies would then be unable to veto.

16. Prime Minister Paroubek has also met with President Klaus this week. After the meeting, Paroubek said he told Klaus that CSSD should get the chance to form a government if

PRAGUE 00000636 002.2 OF 002

Topolanek's efforts fail. However, most observers believe that Klaus will choose Pavel Bem, ODS mayor of Prague and one of Klaus' strongest supporters within ODS. Bem is expected to take a different path than Topolanek, offering CSSD some form of partnership, but on ODS terms. The pre-nuptial agreement could include a promise to help re-elect President Klaus in 2008, agreements on pension reform, energy, or changes to the election law that would disadvantage smaller parties. The two sides could also agree to disagree on health care, labor or other issues for which the parties have fundamentally different views.

17. Parallel to the talks on the formation of a minority government, talks between each of the five parties in parliament began June 9 to choose a Speaker of the lower house, five Deputy Speakers, and assignments for the fourteen Parliamentary committees. The Speaker's post is particularly important because should the first two attempts to form a government fail (the winning party's attempt to form a government, then if that fails, an attempt by whomever the President chooses to try and form a government), then the Speaker will choose the person who gets to make the third and final attempt to form a government before early elections are called. CSSD has already let it be known that it feels it deserves, as the party that came a close second in the elections, to have one of its members, possibly Paroubek, as the Speaker. Current speaker Lubomir Zaoralek (CSSD) would like all the assignments completed before the first sitting of the parliament, which he has said would not be earlier than June 27. If CSSD gets the Speaker post, and if the first two attempts to form a government end in failure, CSSD could either try to form a minority government with the Communists and possibly (but unlikely) with the Greens, or it could go back to ODS to discuss some form of power sharing, but this time on CSSD terms.

18. COMMENT: ODS Chair Mirek Topolanek is vigorously pursuing

his best option and trying to consolidate his election victory around a minority, reform-minded, pro-business government. Meanwhile, PM Paroubek will do all he can to stay in the game by thwarting Topolanek's efforts. The composition of Topolanek's government could be known as early as the week of June 12. However, Parliament is not expected to hold the vote of confidence until the end of the month, if not later. In the meantime, President Klaus and ODS have called on the outgoing government not to make any major decisions. President Klaus might even try to dismiss the Paroubek government as early as next week, once he receives the names in Topolanek's cabinet and approves them.

CABANISS